

SECRET

April 7, 1981

Daybook

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Your Schedule Tuesday, April 7

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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

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TO: The Secretary
FROM: NEA - Nicholas Veliotis
SUBJECT: Your Breakfast and Meeting with Crown Prince Hassan

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DEPARTMENT OF STATE

BRIEFING PAPER

Your Meeting with Crown Prince Hassan

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SAUDI ARABIA

- 1510 - Plane ARRIVES Riyadh Airport. The Secretary is greeted by Foreign Minister Prince Saud, Charge d'Affaires and Mrs. Placke and other Saudi and American officials.

The Secretary and Mrs. Haig proceed to the Royal Lounge with Prince Saud for traditional coffee ceremony.

- 1530 - The Secretary accompanied by Prince Saud, departs for the Guest Palace.

- 1555 - Arrive at the Guest Palace. Secretary is greeted by the Guest Palace Director Georges Khalifa. Prince Saud takes his leave.

(Private Time)

- 1820 - Charge Placke escorts the Secretary from the suite to the Foreign Ministry.

- 1830 - The Secretary arrives at Foreign Ministry for meeting with Prince Saud.

Participants

United States

The Secretary
Buckley
McFarland
Walters
Veliotes
Charge Placke
Fischer
Goldberg
Kemp
Twinam
Lt.Col. Lilac
Political Counselor Bovis
Interpreter Aslan

Saudi Arabia

Prince Saud
Deputy Foreign Minister for
Political Affairs Abd al-
Rahman Mansuri
Head of the Western Department
Ma'amun Kabani

- 1945 - Meeting concludes. Secretary accompanied by Prince Saud ride to Intercontinental Hotel for stag dinner hosted by Prince Saud in the Secretary's honor.

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2000 - Official dinner begins.

Participants

United States
Official Party

Saudi Arabia
(Names to be provided)

2200 - Dinner concludes. Secretary accompanied by Charge
Placke departs for Guest House.

2215 - Arrive Guest House. Charge departs.

(Private Time)

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DEPARTMENT OF STATE
BRIEFING MEMORANDUM

SS

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TO: The Secretary
FROM: NEA - Nicholas A. Veliotis, ~~designate~~
SUBJECT: Your Visit to Saudi Arabia

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Therefore, your main public events are likely to be arrival and departure remarks, plus a brief press conference (dominated probably by the travelling press), should the Saudi authorities desire it. This scenario would give you maximum scope for portraying the value of Saudi-American friendship and your determination to bolster it. Keyed to your objectives, we recommend the following themes:

A. Trust and Confidence. I very much welcome this opportunity to hear the views of Saudi leaders on the great issues of peace and security in this strategic area. Trust and confidence between our two countries are essential for achieving both. From my talks with King Khalid and Prince Fahd (and their colleagues) I am more convinced than ever that we share a mutual determination to meet the Soviet threat. The insights I have gained from my talks here will be invaluable as we continue our dialogue on how to proceed in the months ahead. There is no substitute for the kind of mutual respect and understanding I believe I have found here.

B. Security Strategy. The United States is determined to use every means at its disposal to help bolster security in this region. Without this security there can be no real peace here. My talks in Saudi Arabia are reinforcing my conviction that both of us share these common goals of peace and security. I have assured our friends that they can count on us to support them in our mutual efforts to meet the Soviet challenge. No issue of our foreign policy has received higher priority during the first days of this Administration; we have already demonstrated in practical ways our intention to act.

[REDACTED]

In the period ahead we believe it is essential to build on this beginning and engage in the closest possible cooperation to ensure that we meet our mutual interest of countering the Soviets in the region.

C. Middle East Peace. My talks here have provided new confirmation of Saudi support for a negotiated settlement of the Arab-Israeli conflict. I listened with great interest to

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their views about the various ingredients of that settlement and how we might proceed in achieving it. . As you know, this Administration is still considering how to move; I shall be giving a full report to the President on what I have heard, and we look forward to continuing the dialogue in the period ahead. At this point, I can say that the United States remains fully committed to helping achieve a comprehensive settlement, and we see strengthening the security of this region and moving toward that settlement as reinforcing parts of our policy. Beyond that, I have no details for you on our discussions here.

D. Assistance for Strategically Important Regional States.

My talks have provided a valuable opportunity to discuss fully our mutual assessment of what can be done regionally to strengthen the security of states threatened by the Soviets. I believe Saudi Arabia and the United States agree on the importance of preserving the independence and territorial integrity of these threatened states. Beyond that, I am not able to get into the specifics of our discussions about meeting that threat.

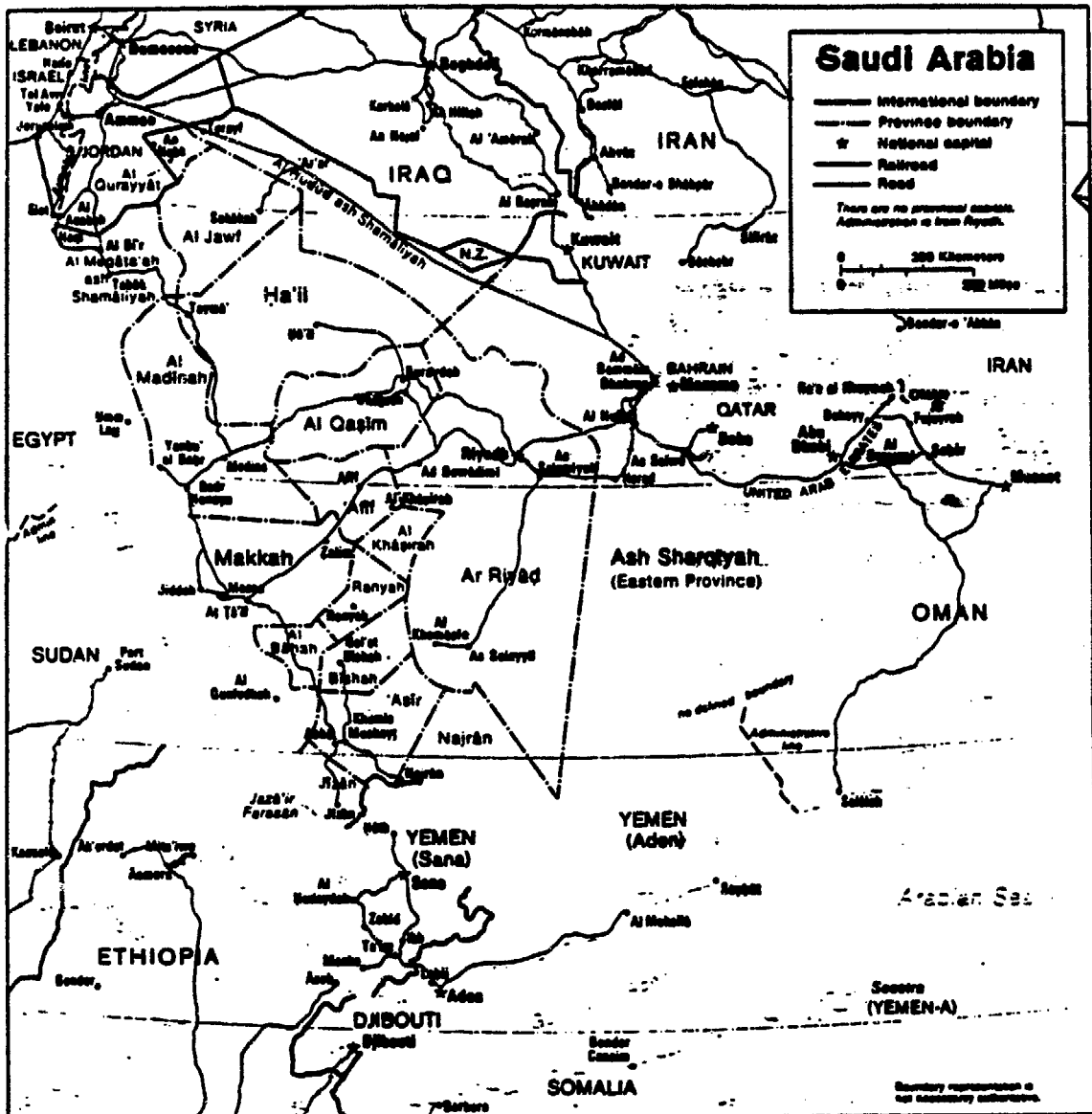
(If asked about Saudi attitude toward strengthening Israeli military capability): The Saudi leaders and I had a full discussion of all aspects of the security situation in this part of the world. I enjoyed our forthright exchanges, and think we each gained a clear view of the other's thinking. But beyond that, it serves no useful purpose to go into specifics publicly of our discussions.

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SAUDI ARABIAN SECURITY ASSISTANCE
TO THIRD COUNTRIES

-- WE GREATLY APPRECIATE THE CRITICAL SECURITY ROLE THAT SAUDI ARABIA IS CARRYING OUT THROUGH ITS REGIONAL MILITARY AND ECONOMIC ASSISTANCE PROGRAMS.

-- FOR OUR OWN PART, WE ARE INCREASING THE U.S. SECURITY ASSISTANCE PROGRAM. DURING THE ADMINISTRATION'S BUDGET REVIEW, SECURITY ASSISTANCE WAS PLACED ON THE SAME BASIS AS OUR OWN DEFENSE EXPENDITURES AND IS AMONG THE FEW BUDGET ITEMS THAT ARE INCREASING.

-- WE HAVE PUT PARTICULAR EMPHASIS ON PAKISTAN, ~~YEMEN~~ AND SUDAN IN ORDER TO ENSURE THAT OUR EFFORTS ARE COMPLIMENTARY AND WE WOULD LIKE TO HAVE A CONTINUING DIALOGUE WITH YOU ABOUT ASSISTANCE TO THESE AND OTHER STRATEGIC COUNTRIES IN THE REGION.

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TALKING POINTS

-- THE PRESIDENT AND I ARE CONVINCED THAT OUR EFFORTS TO ENHANCE OUR SECURITY POSTURE IN THIS PART OF THE WORLD MUST PROCEED IMMEDIATELY. DESPITE THE CRUCIAL IMPORTANCE OF FURTHER PROGRESS IN THE PEACE PROCESS, OUR COMMON DEFENSE EFFORTS CANNOT WAIT UNTIL THIS IS POSSIBLE. INDEED, WE BELIEVE THAT THE U.S. ROLE IN THE PEACE PROCESS WILL BE ENHANCED IF THE REGIONAL BALANCE OF POWER CLEARLY FAVORS THE WEST.

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--- I WOULD WELCOME YOUR VIEWS ON HOW BEST TO ACHIEVE OUR COMMON
OBJECTIVE OF PEACE. (IF NOT VOLUNTEERED, YOU SHOULD ASK HOW
FAHD WOULD SUGGEST INVOLVING THE PALESTINIANS IN A CONSTRUCTIVE
NEGOTIATING EFFORT.)

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REGIONAL SECURITY

TALKING POINTS

-- WE ARE GIVING TOP PRIORITY TO THE SECURITY OF THE MIDDLE EAST AS PART OF A LARGER POLITICAL AND STRATEGIC THEATER, THE REGION BOUNDED BY TURKEY, PAKISTAN AND THE HORN OF AFRICA.

-- WE RECOGNIZE THAT THE ENTIRE REGION IS A STRATEGIC ENTITY REQUIRING COMPREHENSIVE TREATMENT TO ENSURE A FAVORABLE BALANCE OF POWER.

-- WE RECOGNIZE THE KEY RELATIONSHIP OF MIDDLE EAST PEACE TO ASSURING THE REGION'S SECURITY AND ARE CONVINCED THAT PROGRESS TOWARD MEETING THE SECURITY THREAT AND PROGRESS TOWARD PEACE ARE MUTUALLY REINFORCING OBJECTIVES.

-- WE BELIEVE THE STAKES ARE GREAT AND THE THREAT IS SERIOUS. BOTH OF OUR NATIONS CAN AND MUST DO MORE ON BEHALF OF OUR COMMON SECURITY INTEREST.

-- WE ARE MAKING A MAJOR EFFORT TO STRENGTHEN U.S. DEFENSE CAPABILITIES AND THOSE OF FRIENDLY NATIONS IN THE REGION. AS YOU ARE AWARE, WE ARE MAKING A SPECIAL EFFORT TO IMPROVE THE DEFENSES OF EGYPT, PAKISTAN, TURKEY AND SUDAN.

-- THE U.S. IS COMMITTED TO THE SECURITY OF SAUDI ARABIA. WE RECOGNIZE THE IMPORTANCE OF CREATING AN ATMOSPHERE WHERE ALL FRIENDLY STATES IN THE REGION FEEL CONFIDENT OF U.S. RELIABILITY AND SECURE AGAINST SOVIET THREATS.

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-- WE HAVE ALSO ADDRESSED PAKISTAN'S DESIRE FOR A
STRENGTHENED SECURITY COMMITMENT IN A SERIOUS MANNER, AND
HAVE TAKEN STEPS WITH THE CONGRESS TO GIVE THE PRESIDENT
THE AUTHORITY TO LIFT PRESENT LEGISLATIVE RESTRICTIONS ON
PROVISION OF AID BECAUSE OF PAKISTAN'S NUCLEAR ACTIVITIES.

[REDACTED]

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-- FOREIGN MINISTER AGHA SHAHI WILL VISIT WASHINGTON
APRIL 20. HE MAY BE ACCOMPANIED BY ONE OR MORE SENIOR
MILITARY OFFICIALS WHO MIGHT WISH TO DISCUSS PAKISTAN'S
MILITARY EQUIPMENT NEEDS AND SALES POSSIBILITIES.

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-- THE U.S. AND SAUDI ARABIA SHARE A VITAL COMMON INTEREST
IN PRESERVING A STRONG, ANTI-SOVIET PAKISTAN.

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BACKGROUND

[REDACTED]

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Attachment:
Table of Economic Aid

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ATTACHMENT

WESTERN AID FOR PAKISTAN

Western support for Pakistan in the past year has been significant:

- (1) the Pakistan Aid consortium at its June, 1980 meeting increased aid pledges by 40 percent, to \$950 million;
- (2) with Western encouragement and support, the IMF has provided an extended fund facility loan of \$1.7 billion to assist Pakistan in structural economic adjustment;
- (3) Western creditors have agreed to an 18 month debt rescheduling package to the tune of over \$200 million;
- (4) International contributions in CY 1980 through UNHCR and WFP for support of Afghan refugees in Pakistan totaled over \$90 million;
- (5) For CY 81, the US has recently pledged \$19 million for UNHCR and \$28 million for the World Food Program for Afghan refugees.

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ASSISTANCE TO SUDAN

TALKING POINTS

-- SUDAN'S STABILITY IS IMPORTANT TO THE SECURITY OF THE WEST AND THE MODERATE ARAB STATES.

-- ITS IMPORTANCE DERIVES FROM ITS LOCATION ADJACENT TO ETHIOPIA, CHAD AND LIBYA.

-- BECAUSE OF OUR CONCERN ABOUT SUDAN'S FINANCIAL PROBLEMS, WE WILL BE INCREASING OUR ASSISTANCE IN FY 82 TO \$206 MILLION (FY 81 ASSISTANCE IS \$135 MILLION).

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ASSISTANCE TO TURKEY

TALKING POINTS

-- TURKEY, LIKE PAKISTAN, IS KEY TO OUR EFFORTS TO RESIST SOVIET AGGRESSION IN SOUTHWEST ASIA.

-- IT ANCHORS THE WESTERN FLANK IN THE REGION AND IS A BARRIER TO SOVIET ADVANCES TO THE SOUTH.

-- WE ARE INCREASING OUR TOTAL ASSISTANCE TO TURKEY THIS YEAR BY 56 PERCENT, FROM \$450 TO \$700 MILLION, TO ASSIST WITH TURKEY'S MAJOR MILITARY MODERNIZATION EFFORT AND TO SUPPORT TURKEY'S ECONOMIC STABILIZATION PROGRAM. MOREOVER, WE PLAN TO CONTINUE TO PROVIDE SIGNIFICANT LEVELS OF ASSISTANCE TO TURKEY IN THE COMING YEARS.

[REDACTED]

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IRAQ-IRAN CONFLICT

TALKING POINTS

-- WE FORESEE INCREASING DANGER FOR THE GULF UNLESS WE ALL
WORK TO KEEP THE LID ON THIS CONFLICT AND BRING AN EARLY END
TO THE FIGHTING. [REDACTED] B1, A5

-- WE ARE TRYING TO ADVANCE THIS OBJECTIVE BY NOT TAKING SIDES
IN THE CONFLICT AND BY SUPPORTING EFFORTS TO MEDIATE THE CON-
FLICT. [REDACTED]

-- WE BELIEVE THE TERRITORIAL INTEGRITY OF BOTH STATES MUST BE
PRESERVED IN ORDER TO FORESTALL DEVELOPMENTS THAT OPEN THE AREA
TO EXTERNAL THREATS OR MANIPULATION. [REDACTED] B1, A5

-- OUR MUTUAL GOALS WILL BE MORE READILY ASSURED IF WE ARE ABLE
TO REACH AN EARLY AND NEGOTIATED END TO THE CONFLICT.

-- I WOULD APPRECIATE YOUR VIEWS.

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COUNCIL FOR COOPERATION
AMONG ARAB STATES OF THE GULF

TALKING POINTS

-- WE WELCOME THE ESTABLISHMENT OF THE COUNCIL FOR COOPERATION
AMONG ARAB STATES OF THE GULF AND CONSIDER IT A MAJOR SAUDI
ACHIEVEMENT.

-- [REDACTED] B1, A5
[REDACTED]
[REDACTED]

WE HAVE LONG SUPPORTED THE PRINCIPLE
OF REGIONAL COOPERATION IN THE GULF.

-- THIS NEW ORGANIZATION SHOULD PROVIDE A BETTER ENVIRONMENT
FOR COOPERATION IN SECURITY MATTERS AMONG ITS MEMBERS AND
SERVES OUR MUTUAL INTEREST IN STRENGTHENING THE MODERATE
STATES IN THE REGION.

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OIL POLICIES

Talking Points

-- WE RECOGNIZE AND APPRECIATE YOUR EFFORTS TO BRING
STABILITY TO OIL MARKETS BY MAINTAINING PRODUCTION WHILE
IRANIAN AND IRAQI OUTPUT IS LOW.

-- THE NEW ADMINISTRATION IS COMMITTED TO INCREASING US ENERGY PRODUCTION AND EFFICIENCY. THE PRESIDENT'S EARLY DECONTROL OF OIL PRICES WAS THE FIRST STEP IN THIS PROCESS.

-- GREATER RELIANCE ON MARKET FORCES IS THE KEY TO THE
PRESIDENT'S BROAD STRATEGY TO REVITALIZE THE US ECONOMY AND
THUS STRENGTHEN OUR ABILITY TO MEET OUR INTERNATIONAL
SECURITY COMMITMENTS. STABLE WORLD OIL MARKETS WILL SUPPORT
THESE EFFORTS AND THEIR SUCCESS, IN TURN, WILL STRENGTHEN
THE INTERNATIONAL ECONOMY.

-- (IF ASKED) FILLING THE SPR IS ESSENTIAL TO US SECURITY. SAUDI ARABIA'S EFFORTS TO ENLARGE THE CAPACITY AND REDUCE THE VULNERABILITY OF ITS OIL FACILITIES ARE ALSO VALUABLE. BOTH CONSUMERS AND PRODUCERS NEED TO DO MORE TO STRENGTHEN THE SECURITY OF OIL SUPPLIES IN THE FACE OF MANY POSSIBLE THREATS.

-- (IF ASKED) WE HAVE RAISED THE TAX ISSUES WITH
TREASURY. THE DRAFT REGULATIONS PROMULGATED IN THE LAST
WEEKS OF THE CARTER ADMINISTRATION ARE NOW UNDERGOING A
CRITICAL REVIEW BY THE TREASURY DEPARTMENT.

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Background Information

Saudi Arabia's leadership has a special interest in preserving a stable and long-term market for its vast oil resources and in a healthy Western economy, necessary for the protection of the value of Saudi financial assets and for a reliable defense against Soviet expansion.

Saudi oil production and pricing policies have thus generally aimed at stabilizing world oil markets,

[REDACTED] in a largely vain effort to moderate price increases when Iranian output fell in early 1979, the Saudis raised production from their "preferred level" of 8.5 to 9.5 million barrels per day (MMBD). Late in 1980, after the onset of the Iran/Iraq war, they raised their production still further to 10 MMBD and thereby helped to limit additional price increases.

Saudi oil prices have lagged \$2 to \$4 per barrel behind the hikes by other producers, giving the ARAMCO partners a significant price advantage and assuring a ready market for the about 7 MMBD or more of Saudi production which the partners handle.

[REDACTED] (Arabian light, the principal Saudi crude and the OPEC market, is currently priced at \$32 per barrel, versus \$36 for comparable non-Saudi crudes.)

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Given the current coincidence of US and Saudi interests in ample oil supplies, it is not useful to make any special requests at this time regarding Saudi pricing or production policy.

[REDACTED]

[REDACTED]

[REDACTED]

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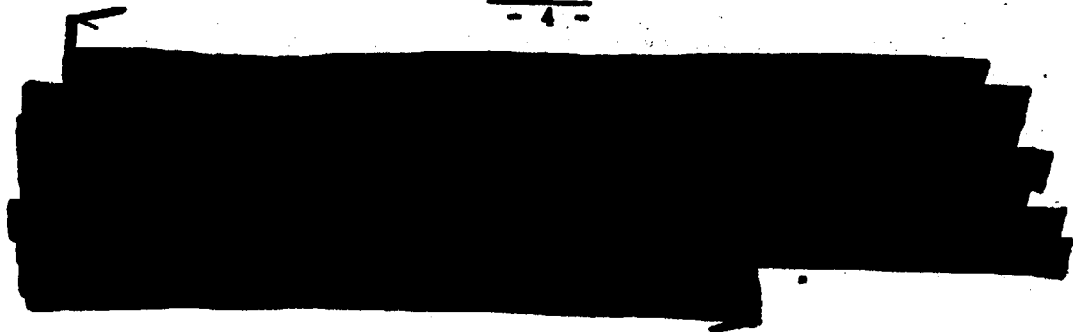
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TALKING POINTS

-- WE ARE AWARE OF U.S. POLICIES THAT MAKE IT DIFFICULT FOR U.S. FIRMS TO CONTRACT IN SAUDI ARABIA. WE HAVE THESE POLICIES UNDER STUDY NOW. IN FACT, THE ADMINISTRATION AND CONGRESS ARE NOW CONSIDERING MEASURES TO REDUCE EXPATRIATE TAXATION AND CLARIFY THE ANTI-BRIBERY LAW.

-- THE FOREIGN CORRUPT PRACTICES ACT IS NOT AIMED AT ARAB COUNTRIES. THE MOTIVATING FORCE BEHIND THE ACT WAS DISCLOSURES OF BRIBES IN MAJOR INDUSTRIAL COUNTRIES.

Background Information

The combined effects of increased Saudi experience and sophistication, the Saudi policy of diversifying sources of supply, and U.S. policies that act as export disincentives, raise serious concerns about the long-term ability of U.S. industry to compete in Saudi Arabia, witness the sharp decline in our share of the Saudi construction market in recent years. We encounter problems because compliance with certain Saudi contract conditions acceptable under the Commerce-enforced anti-boycott law could expose a firm to tax sanctions under the Treasury-enforced anti-boycott provisions of the Tax Reform Act of 1976 (the Ribicoff Amendment). Recent developments in Saudi practice indicate that this problem could assume major dimensions, affecting many billions of dollars in potential contracts for U.S. firms. The Saudis object to our expatriate taxation policy as making it more costly or difficult for them to contract with U.S. firms. In addition, they view the anti-bribery and anti-boycott laws as being essentially anti-Arab.

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SAUDI ARABIA'S IMF QUOTA INCREASE

TALKING POINTS

-- THE U.S. WELCOMES YOUR EXPANDED ROLE WITHIN THE IMF AND HOPES THIS SIGNALS A DESIRE FOR A BROADER AND MORE DIRECT ROLE IN INTERNATIONAL FINANCIAL MATTERS.

Background

The IMF agreed on March 27 to double Saudi Arabia's quota to 2.1 billion SDRs. The unusual increase was considered in light of Saudi Arabia's rapidly increasing importance in international economic affairs and granted following negotiations in which the Saudis agreed to make available to the IMF lines of credit worth 4 billion SDR (\$5 billion) in each of the next two years.

The increase lifts the Saudi share of the total IMF quota from 1.74 to 3.5 percent - marginally reducing that of the U.S. The Saudis now have the sixth largest quota within the Fund, placing them ahead of such countries as Canada and Italy. The Saudis will continue to appoint their own Executive Director, as they have since 1978. The U.S. retains its veto despite the Saudi increase.

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THE WORLD BANK'S ENERGY FACILITY

TALKING POINTS

-- WE THINK THAT THE WORLD BANK'S EXAMINATION AND JUSTIFICATION OF THEIR PROPOSAL FOR AN AFFILIATE WAS NOT SUFFICIENT AND WE ARE NOW CONSIDERING WITHIN THE U.S. GOVERNMENT WHETHER THERE IS A NEED FOR INCREASED BANK LENDING. WE WANT TO MAKE SURE THAT ANY INCREASED WORLD BANK ACTIVITY WOULD HELP PRIVATE ENTERPRISE, NOT REPLACE IT.

-- BOTH OF US AGREE THAT ENERGY DEVELOPMENT IN DEVELOPING COUNTRIES IS ESSENTIAL FOR DEVELOPMENTAL AND POLITICAL REASONS. WE WANT TO WORK TOGETHER WITH YOU IN FINDING PROPER SOLUTIONS TO THESE ENERGY PROBLEMS WHICH CAN HAVE SUCH AN IMPACT ON POLITICAL STABILITY IN DEVELOPING COUNTRIES. THE BANK MAY WELL HAVE AN IMPORTANT ROLE TO PLAY IN THIS AREA.

BACKGROUND INFORMATION

At U.S. urging, Summit nations encouraged the World Bank to look into the possibility of a separate affiliate as a means of attracting additional OPEC resources into energy development in LDCs. The Bank proposed an expansion of its energy lending from \$13 to \$25 billion for FY'82-86 and the creation of an affiliate to finance and administer this expanded program. On February 13, the U.S. told the Bank and other nations that at this time it could not support or participate in an affiliate based on paid-in and guaranteed capital. We have taken no position yet on expanded energy lending, although clearly it would be difficult to seek funds at this time. The idea of an energy affiliate has broad OECD support. OPEC nations favor the idea in principle, but have made no specific contributions.

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TALKING POINTS

-- I HAVE A DEEP RESPECT FOR SAUDI ARABIA'S LEADERSHIP OF THE MUSLIM WORLD AND FOR ITS RESPONSIBILITY FOR THE ISLAMIC HOLY PLACES. I THEREFORE UNDERSTAND YOUR DEEP CONCERN FOR THE FUTURE OF JERUSALEM.

-- OUR POLICY REMAINS A UNIFIED JERUSALEM WITH FREE ACCESS TO ALL HOLY PLACES. THE FINAL STATUS OF THE CITY MUST BE DETERMINED BY NEGOTIATIONS.

-- WE CONTINUE TO REFUSE TO RECOGNIZE UNILATERAL CHANGES IN THE STATUS OF JERUSALEM.

-- JERUSALEM PRESENTS ISSUES OF SUCH EMOTIONAL INTENSITY THAT IT IS LIKELY TO FIND SOLUTION ONLY IN THE CONTEXT OF A FINAL PEACE.

-- YOU ARE UNIQUELY QUALIFIED TO ADDRESS THE PROBLEM OF JERUSALEM. I WOULD WELCOME YOUR THOUGHTS ON AN EVENTUAL SOLUTION.

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TALKING POINTS

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A two-year battle over PLO observer status at IMF/ World Bank annual meetings comes to a head by June 15. The support of our allies is questionable. Irrespective, the Reagan Administration cannot take a softer line than the Carter Administration. A firm line is the only practical, as well as principled, approach. The Saudis and other Arabs may be politically unable to compromise.

However we ultimately decide to try to manage this issue between now and June, it will be important for you to lay down a marker with the Saudis on the importance we attach to the principles involved.

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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

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TO: The Secretary

FROM: NEA - Nicholas Veliotis

SUBJECT: Arrival Ceremony in Riyadh

Scenario

Your plane will arrive in Riyadh Airport at 1510. Charge d'Affaires Jim Placke and his wife Mimsie accompanied by MFA Protocol Director Salim Sunbul, who speaks English, will greet you at the bottom of the ramp to your aircraft.

The Protocol Director will introduce you to Foreign Minister Prince Saud, who speaks perfect English, and to the other Saudi officials:

- Deputy Foreign Minister Abd Al-Rahman Mansuri
- MFA Director for Western Affairs Ma'mun Qabbani

Prince Saud will escort you into the Royal Welcome Lounge followed by Mrs. Haig, the Charge and Mrs. Placke, the Saudi officials and your official Party. You will proceed to the far end of the lounge and take seats lined up against the wall.

The press will be given a photo opportunity. There will be no arrival statement and no Q's and A's.

A coffee bearer will offer Saudi coffee (a clear, somewhat bitter beige coffee, flavored with cardamon). It is a breach of protocol not to drink at least one cup which is little more than a swallow. The bearer will offer to refill the cup which you can accept by extending it forward to him. You should not ask for more than two refills. If you do not choose to have a refill, which is perfectly acceptable, you need only hand the cup back to the bearer with a slight twisting back and forth of the wrist.

At the conclusion of the coffee ceremony you will accompany Prince Saud to your limousine outside the Royal Lounge and ride with him to the Royal Guest Palace, 25 minutes away. Mrs. Haig will ride in the third car behind yours with Mrs. Placke.

You will arrive at the Guest Palace at 1555 and be greeted by the Guest Palace Director, Georges Khalifa, who will introduce himself. You will take your leave of Prince Saud in the vast entrance hall.

Accompanied by Mr. Khalifa and the Plackes, you will go to your suite where the Plackes and Khalifa will take their leave.

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You will have almost two and a half hours unscheduled time before 1820 when Jim Placke will return to your suite to accompany you to the Foreign Ministry for your meeting with Prince Saud. Since you will be going directly from your meeting with Saud to his dinner you should wear a dark business suit.

Operational Points

-- Foreign Minister Prince Saud went to the Hun School and to Princeton University and speaks perfect English. He is formal and gracious in manner, [REDACTED] BIAS

-- Your entire Party will be staying with you at the Royal Guest Palace.

-- While you are at the Palace, the Director, Georges Khalifa, who speaks English, will be available to assist you and Mrs. Haig in any way possible and ensure that any required services are provided.

-- As in Amman telephones are being installed in the Guest House and a continuous, classified courier service will be available.

-- You should avoid crossing your legs with all Saudis which is considered impolite.

-- Prince Saud apparently rearranged his schedule to be in the Kingdom during your visit and also made the unusual tribute to you of offering a private family dinner if you had been able to stay for an official luncheon the next day. Since your schedule did not permit extending your stay for the luncheon, we had to regret the Prince's invitation and stick with the official dinner.

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JAMES A. PLACKE
Deputy Chief of Mission
American Embassy
Jidda

James A. Placke was born in [REDACTED]
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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

SS

TO: The Secretary

FROM: NEA - Nicholas Veliotis

SUBJECT: Your Meeting with Foreign Minister Prince Saud

Scenario

At 1820 Charge d'Affaires Jim Placke, will arrive at your suite to accompany you to your meeting with Foreign Minister Saud.

You will arrive at the Foreign Ministry at 1830 where you will proceed to the Prince's second floor office. You will be greeted by Prince Saud's Chef de Cabinet, Hasan Shawwaf, who will usher you to Prince Saud's meeting room. After Prince Saud has greeted you and introduced you to other Saudi participants and you are seated in the office, the press will enter the room for a photo opportunity. Your talks with Prince Saud will be preceded by a coffee ceremony similar to the one at the airport and then will extend for one hour and fifteen minutes.

At the conclusion of your discussions at 1945, Prince Saud will accompany you out of the office to your car and ride with you to the Intercontinental Hotel, fifteen minutes away, where the Prince is hosting a stag dinner at 2000 in your honor. There will be no press opportunities on your departure from Prince Saud's office.

Participants

United States

The Secretary
Under Secretary Buckley
Counselor McFarlane
General Walters
Assistant Secretary Designate
Veliotis
Charge Placke
Spokesman Fischer
Executive Assistant Goldberg
NSC Member Kemp
Deputy Assistant Secretary Twinam

Saudi Arabia

Prince Saud, Foreign Minister
Deputy Foreign Minister Mansuri
MFA Western Affairs Director Qabbani
Special Advisor Dr. Nizar Madani

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-- The Embassy will be sending your gift to Prince Saud -- a reproduction of an 18th Century Williamsburg Tea Chest -- through protocol channels after your departure.

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DEPARTMENT OF STATE
BRIEFING PAPER

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YOUR MEETING WITH FOREIGN MINISTER PRINCE SAUD

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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

SS

TO: The Secretary
FROM: NEA - Nicholas Veliotis
SUBJECT: Stag Dinner hosted by Foreign Minister Prince Saud

Scenario

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You will arrive at the Intercontinental Hotel at 2000 accompanied by Foreign Minister Prince Saud, where your interpreter Zaki Aslan will meet you and remain available throughout the dinner. There will be a photo opportunity for the press upon your arrival.

In the ante-room to the dining room you may be met by an incense bearer. He will stand in front of you and extend the censor and you are expected to wave some of the incense toward your face. The bearer will then move on to the next guest.

Prince Saud will introduce you to his other guests (Guest List attached), and you will be served a soft drink or juice which is consumed standing.

After about twenty minutes conversation, Prince Saud will escort you into the dining room where you will be seated at the head table next to Prince Saud (seating chart attached). Your interpreter will be seated either to your side or facing you on the opposite side of the table.

It is not customary to give speeches or toasts at official Saudi dinners.

You will not encounter any unusual customs or variations on standard etiquette until the end of the meal at 2130 when there may be a hand washing ceremony. For this ceremony you need only follow the example set by Prince Saud. After the hand washing ceremony a bearer will sprinkle cologne on your hands.

The final act will be a coffee ceremony after which the dinner is over and Prince Saud will escort you to your car. You will take your leave of Prince Saud and return to the Guest Palace accompanied by Charge Placke.

On arrival at the Guest Palace you will be free until the next morning at 0755 when Charge Placke will arrive at your suite to accompany you to the breakfast in the hotel with our Peninsular Ambassadors. The appropriate dress for your next day's meetings will be a light business suit.

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Operational Points

-- The dinner will consist of a combination of Western and Saudi dishes, and you may choose what you wish to eat. It will be plentiful in quantity, but the Saudis do not insist on your eating more than you want. It is not impolite to leave food on your plate.

-- Saudis normally do not talk business at dinner. You should take your cue from Prince Saud.

-- You should not smoke unless others do.

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April 8, 1981

Daybook

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Schedule for Wednesday, April 8

Breakfast with Gulf Ambassadors

1. Briefing Paper
2. Biographic Information

Meeting with Defense Minister Prince Sultan

1. Briefing Paper
2. Biographic Information

Meeting with King Khalid

1. Briefing Paper
2. Biographic Information

Meeting with Crown Prince Fahd and Prince Abdullah

1. Briefing Paper
2. Biographic Information

Departure from Riyadh

1. Departure Statement

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SPAIN

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DEPARTMENT OF STATE
BRIEFING MEMORANDUM

SS

TO: The Secretary
FROM: NEA - Micholas A. Veliotos, Designate
SUBJECT: Your Meeting with U.S. Peninsula Ambassadors

Scenario

At 0825 Charge Placke will arrive at your suite to accompany you to your breakfast in the Guest Palace with our Ambassadors to the Peninsula countries. The breakfast meeting will have been in session since 0800 to give the Peninsula Ambassadors an opportunity to meet the other senior Department officials prior to your arrival.

Charge Placke will introduce you to the assembled Ambassadors after which you will have a half hour to eat breakfast and to explain the Administration's policy toward the region and the message you would like them to convey to each of their host countries.

Each of the Ambassadors will be prepared to brief you succinctly on the problems they face in implementing U.S. policy and make suggestions as to how we can accomplish our objectives. At 0850 the breakfast will conclude and you will have fifteen minutes to return to your suite before Charge Placke meets you to accompany you to your meeting with Defense Minister Prince Sultan.

Participants

U.S. Delegation

The Secretary
Under Secretary Buckley
Counselor McFarlane
General Walters
Assistant Secretary Designate
Veliotos
Spokesman Fischer
Executive Assistant Goldberg

Peninsula Ambassadors

Kuwait - Ambassador Dickman
UAE - Ambassador Wolle
Oman - Ambassador Wiley
Bahrain - Ambassador Sutherland
Qatar - Ambassador Marthinsen
Yemen Arab Republic - Ambassador
Lane
ICA Representative Curran

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U.S. Delegation

Peninsula Ambassadors

Deputy Assistant Secretary
Draper
Deputy Assistant Secretary
Twinam

Saudi Arabia - Charge Placke
- Political Counselor
Bovis

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BRIEFING PAPER

Your Breakfast Meeting with our Gulf
Ambassadors and Saudi Charge

OBJECTIVES

-- To assure that our Ambassadors to small but important countries understand the Administration's approach to the Middle East in general and the Gulf region in particular.

-- To provide them the opportunity to raise with you personally questions they know to be on the minds of their host government leaders.

STRATEGY

Nick Veliotis will have met with this same group the preceding afternoon and will have worked over in some detail with them various bilateral problems which we will be following up in coming weeks. Thus, your time can best be spent by concentrating on the several principal elements of our Middle East/Southwest Asia policy and discussing how these can best be pursued with countries of major importance in international energy and financial markets. These countries feel pressure from the Soviets, from regional tensions, and particularly from the Arab/Israel dispute.

During the course of the meeting you may wish to:

-- Stress to the Ambassadors and Charge the key role they will play as we move to implement the Administration's foreign policy.

-- Underline that while global imperatives dictate a much enhanced U.S. strategic position in Southwest Asia, we intend to proceed with careful attention to regional complexities and sensitivities.

-- Seek the Ambassadors' views regarding how our strategic objectives might be achieved in a way that will build confidence in us and enhance prospects for stability in the region.

-- Assure the Ambassadors that our search for strategic consensus in the Middle East will include continued active pursuit of an Arab/Israeli settlement, which is seen by their host governments as a sine qua non for regional stability.

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BACKGROUND INFORMATION

For your background, there are attached information sheets on each of Saudi Arabia's six neighbors from which our Ambassadors have come to meet with you. At Tab 2 is thumbnail summaries regarding the five smaller Arab states of the Gulf, and at Tab 3 is information on the Yemen Arab Republic, which is not a Gulf state, has no oil, and is thus affected by a dynamic which is fundamentally different than that in which the Gulf countries operate. Bios on our Peninsula Ambassadors and Charge Placke, from Jidda, are at Tab 4.

Sensitive

~~CONFIDENTIAL~~ REVIEW

Cat. A Caption removed;
transferred to O/FADRC
Cat. B - Transferred to O/FADRC
with additional access
controlled by S/S
Cat. C - Caption and custody
retained by S/S

Reviewed by: Elijah Kelly Jr

Date: 7-7-87

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BRIEFING PAPER

KUWAIT :

BACKGROUND

Being a small country in a volatile region and facing an internal situation complicated by the presence of 300,000 Palestinians and 250,000 adherents of the Shi'a Islamic sect, Kuwait gauges its policies to balance among the sometimes conflicting interests of its larger neighbors: Iraq, Iran, and Saudi Arabia. Kuwait's ruling family has astutely maintained stability in Kuwait, helped by the effective use of the country's oil wealth in building a welfare and economic program.

Kuwait is a constitutional monarchy enjoying an active parliamentary life during most of the two decades since independence. However, the ruler suspended the National Assembly in 1976 because that body was perceived as too much involved in the ideological debates then sweeping the region. Elections for a reconstituted National Assembly were held February 23 and resulted in a victory for conservative and moderate elements.

Kuwait played a leading part in the recent formation of a "Council for Cooperation" linking Gulf states in a common effort in various spheres that may eventually include security.

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Relations between the U.S. and Kuwait have been generally satisfactory, but some irritants currently exist in our relations. The U.S. as a net oil consumer and Kuwait as a major oil exporter and OPEC member have different viewpoints at times on oil pricing and production questions. However, Kuwait has usually acted responsibly on petroleum and financial questions out of a sense for the well-being of the world economy. It is a major international investor.

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BAHRAIN

BACKGROUND

Bahrain is a sophisticated and relatively prosperous island city state which has developed into one of the principal commercial and banking centers of the Lower Gulf. Bahrain's great role in world oil and financial affairs is limited since Bahrain produces little petroleum and, unlike its neighbors, is an aid recipient rather than an aid donor.

The al-Khalifa family, which is Sunni Moslem, has ruled Bahrain since the late 18th century. After the British withdrawal and the independence of the country in 1971, Sheikh Isa bin Salman al-Khalifa, the Amir of Bahrain, became the head of state. Bahrain is governed by Amiri decrees.

It was only in 1970 that the Shah abandoned Iran's claim to the island.

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QATAR

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Qatar (pronounced gutter) occupies the main peninsula jutting northward into the Gulf from the East coast of Saudi Arabia. After Qatar obtained independence from Britain in September 1971, the powerful al-Thani family retained its long-standing control over domestic politics. In February 1972 the then Prime Minister, Shaikh Khalifa ibn Hamad al-Thani, deposed his cousin Ahmad bin Ali and became the Amir. He rules with the consensus of his family members, and there is no evidence of political instability. While Qatar's society maintains strong traditional Islamic values, high per-capita oil revenues have slowly started to transform the society into a modern welfare state.

The petroleum industry dominates the Qatari economy and supplied an estimated \$6 billion in revenue in 1980. Even though oil production may start to decline toward the end of the century, the state has extensive reserves of nonassociated gas (estimated 300 trillion cubic feet) in the "North West Dome" area, which it is only now starting to exploit.

Qatar has traditionally been very closely allied to Saudi Arabia's conservative social system and foreign policy. Since 1976, however, the ruler has pursued an oil price policy aligned with the OPEC majority. While Qatar has followed the Saudi lead in support of the dollar generally, it is increasingly critical of the pace of progress in the US on maintaining international financial stability and on providing secure and hospitable investment opportunities for surplus funds. Qatar has reliable financial advisors and would avoid activities which would directly weaken the dollar.

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UNITED ARAB EMIRATES

BACKGROUND

The United Arab Emirates (UAE) is a federation of seven small shaikhdoms on the Gulf. Since its formation in late 1971, the federation has had difficulties coordinating national development and economic policies. Each emirate is led by a traditional ruler who maintains a significant degree of internal autonomy. Abu Dhabi, led by UAE President Shaikh Zayid, is the wealthiest of the shaikhdoms and it dominates the federation. This pre-eminent position is a source of irritation to several other rulers of the UAE, of whom Dubai's Shaikh Rashid (currently Prime Minister) is the most prominent.

Shaikh Rashid's health has been deteriorating over the last year and his successors at both the federal and emirate levels may seek to change the direction of the country. We anticipate a stronger pro-Arab and less pro-Western stance. Preparations are being made for a smooth transition of power; however, the death of Rashid will shake the federation.

We have frequently indicated to UAE leaders the importance we attach to a strong federation, and, as a matter of policy, we deal only through the federal government, but major divisions between the various emirates persist. The country's provisional constitution must face a ratification/referendum late this year.

On most international issues of importance to the Arab and third worlds, the UAE tends to follow the lead of Saudi Arabia. On other issues, the UAE generally favors the West. One of the most significant aspects of the UAE's foreign policy has been its foreign aid program. The UAE, principally Abu Dhabi, has been the world's largest per capita aid donor in recent years with total disbursements of more than \$3.5 billion.

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BACKGROUND

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Aided by revenues from crude oil exports now running at about 300,000 barrels per day, Qaboos has undertaken a dramatic economic and social development program since coming to power in 1970. He has successfully begun a transformation of Oman's formerly primitive economy into a modern society. Little much remains to be done, the rate of development has been impressive. The Sultan enjoys significant popularity through his association in the public mind with the country's modernization.

Qaboos has the time and the means to deal with the inevitable rising expectations resulting from the new prosperity.

[REDACTED] On the economic side, he will have to develop the non-petroleum sector of the economy to provide for an adequate national income when the oil revenues decline, perhaps at the end of this century.

Oman's relations with its Arab neighbors are generally friendly, with the exception of South Yemen which remains the Sultanate's chief external adversary despite the suppression of the Dhofar rebellion. Nevertheless, Oman's declared support of Egyptian President Sadat and our Middle East peace effort has isolated the Sultanate in Arab circles to a degree. Yet this isolation is not serious, as shown by the fact that Oman recently participated with five other Arab states of the Gulf in creating a "Cooperation Council" in various spheres.

Relations between the United States and Oman have intensified during the past year. Based on our friendly ties and our common view of international affairs, we and Oman have established a joint commission for economic and technical cooperation [REDACTED]

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YEMEN ARAB REPUBLIC

BACKGROUND

The Yemen Arab Republic (YAR) occupies a strategic buffer location between Saudi Arabia and the Marxist-led Peoples Democratic Republic of Yemen (PDRY) and astride the entrance to the Red Sea.

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On the one hand the YAR, long under both political and military pressure from the PDRY, has over the past year come under increasing guerilla attacks from the PDRY-supported National Democratic Front.

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Also, there are signs the Saudi/YAR relationship may be passing through a new time of troubles. Although the YAR is heavily dependent on Saudi financial support, relations have frequently been troubled since the 1970 reconciliation following the Yemen civil war. The relationship has recently been complicated by the arrest of two key YAR moderate leaders, former Foreign Minister Abdullah Asnaj and Foreign Ministry Under Secretary Ibrahim al-Kibsi, both known for their pro-Western and pro-Saudi sympathies.

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The U.S. Economic and Security Assistance Program in Yemen is part of the U.S. effort to counter the Soviet challenge in the Middle East and to confront the challenge of radical forces in the region. Our security assistance effort (\$1.05 million in IMET and \$15 million in FMS credits) is aimed at providing additional training and support for the operation and maintenance of the U.S. military equipment we sold to North Yemen, [REDACTED] in 1979 during its border conflict with South Yemen. We want to maximize Yemen's ability to utilize the equipment we have provided. Our security assistance provides an alternative to YAR reliance on the Soviet Union. Our program in Yemen is smaller than that of the Soviets, who over the last year have provided substantial amounts of military equipment at very favorable interest rates. The Soviets are also providing training for over a thousand Yemenis in the Soviet Union. We have sought to emphasize the quality of our own training activity. We feel the progress in our training of F-5 pilots contrasts favorably to the limited success of the Soviet MIG 21 program.

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The foregoing analyses suggest that the major issues in our relationship with North Yemen are the following:

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PETER A. SUTHERLAND
AMBASSADOR TO BAHRAIN

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CHARLES EDWARD MARTHINSEN

AMBASSADOR TO QATAR

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WILLIAM D. WOLLE

AMBASSADOR TO THE
UNITED ARAB EMIRATES

William Down Wolle was nominated by the President on July 18, 1979, to be U.S. Ambassador to the United Arab Emirates. From 1974 to 1978, he served as the first resident U.S. Ambassador to the Sultanate of Oman. He is a Foreign Service Officer, whose career has been largely devoted to Middle East matters.

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MARSHALL W. WILEY
AMBASSADOR TO THE SULTANATE OF OMAN

Ambassador Wiley is a career Foreign Service
Officer.

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GEORGE M. LANE
AMBASSADOR, YEMEN ARAB REPUBLIC

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JAMES A. PLACKE
Charge d'Affaires (a.i.)
Saudi Arabia

James A. Placke is the Charge d'Affaires (a.i.) in
Saudi Arabia where he has been serving as Deputy Chief
of Mission since 1979.

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Scenario

Your discussion, which will be carried on through an interpreter, will last for one hour. Although the Prince has his own interpreter, your interpreter, Zaki Aslan, will translate for this meeting.

At the conclusion of your meeting at 1030, you will take your leave of the Minister of Defense. There will be no press statement or Q's and A's, although photographers may cover your departure. You will ride from the Ministry accompanied by Jim Placke and Zaki Aslan, and the rest of your Party to the Administrative Palace, 20 minutes away, for your courtesy call on King Khalid.

Participants

United States

**The Secretary
Under Secretary Buckley
Counselor McFarlane
General Walters
Assistant Secretary Designate
Veliotes**

Saudi Arabia

Defense Minister Prince Sultan

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United States

Charge d'Affaires Placke
Spokesman Fischer
NSC Member Kemp
Deputy Assistant Secretary Twinam
Lt. Col. Lilac
Executive Assistant Goldberg
Interpreter Aslan

Operational Points

[REDACTED]

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-- The Embassy will be giving Prince Sultan a book on the U.S. with color photographs on your behalf after your departure.

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YOUR MEETING WITH PRINCE SULTAN

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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

SS

TO: The Secretary
FROM: NEA - Nicholas Veliotos
SUBJECT: Your Audience with King Khalid

Scenario

At 1055 you will arrive at the Administrative Palace from the Ministry of Defense accompanied by Jim Placke, Zaki Aslan and the rest of your Party. You will be met on arrival by the Director of Royal Protocol Sayyid Ahmed Bin Abd Al-Wahab who will escort you to King Khalid's waiting room.

At 1100 he will take you into the audience room, introduce you to the King, and seat you in the appropriate position. The King will have his own interpreter; Zaki Aslan will assist. Once you are seated, the press will have a brief photo opportunity and you will go through the coffee ceremony.

The King seldom engages in substantive exchanges, preferring to deal in generalities. At 1120 Charge Placke will express the appropriate courtesies to provide for your departure and you will take your leave of the King. It would be inappropriate to extend your discussion beyond this time. The Director of Royal Protocol will escort you from the audience room to Crown Prince Fahd's reception room in the same building.

Participants

United States

The Secretary
Under Secretary Buckley
Counselor McFarlane
General Walters
Assistant Secretary Designate
Veliotos
Charge d'Affaires Placke
Interpreter Aslan

Saudi Arabia

King Khalid
Crown Prince Fahd
Prince Abdullah
Prince Sultan
Prince Saud
Royal Counselor Dr. Pharon

Operational Points

-- It is customary not to smoke in the presence of the King.

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-- The King does not speak or understand English.

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-- The Embassy will give King Khalid a book of color photographs from the Air and Space Museum through protocol channels after your departure.

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YOUR MEETING WITH KING KHALID

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DEPARTMENT OF STATE

BRIEFING MEMORANDUM

TO: The Secretary

FROM: NEA - Nicholas Veliotis

SUBJECT: Your Meeting with Crown Prince Fahd

Scenario

At 1120 the Director of Royal Protocol, Sayad Ahmad, will escort you, and your Party from the Audience Chamber of King Khalid into Crown Prince Fahd's reception room and introduce you to the Crown Prince, the Commander of the National Guard Prince Abdullah, and Prince Saud. You will be seated and the press will be given an opportunity to take photos. The standard coffee ceremony will ensue.

The Crown Prince relies on an interpreter, although he knows some English. Zaki Aslan will check the Saudi interpreter's rendering. In view of the need for translation, and since you only have an hour with the Crown Prince, you will have to compress your presentation as much as possible without being abrupt. B1 A5

At about 1150 the Crown Prince has asked for a private discussion with you. The other participants will withdraw and at the conclusion of your meeting, scheduled for 1230, you will take your leave of the Crown Prince.

Accompanied by Foreign Minister Saud, you will make the twenty minute ride to the airport. There is a good possibility that it will be impossible to conclude your meeting with the Crown Prince in the time allotted and still accomplish your objectives. If this is the case, and the Crown Prince is prepared to continue, we can delay your departure from Riyadh without serious problems in Madrid.

Participants

United States

The Secretary
Under Secretary Buckley
Counselor McFarlane
General Walters
Assistant Secretary Designate
Veliotis
Charge d'Affaires Placke
Interpreter Aslan

Saudi Arabia

The Crown Prince Fahd
Foreign Minister Prince Saud
Commander of the National Guard
Guard Prince Abdullah

SECRET

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Operational Points

-- The Crown Prince is soft spoken and gracious.

-- [REDACTED]

B1, A5

-- It is customary not to smoke in the presence of the Crown Prince even though he smokes in private unless, of course, he offers you a cigarette.

-- [REDACTED]

B1, A5

-- [REDACTED]

B1, A5

-- You will have given the Crown Prince a Steuben Great Seal crystal.

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SECRET
DEPARTMENT OF STATE
BRIEFING PAPER

YOUR MEETING WITH CROWN PRINCE FAHD AND PRINCE ABDULLAH

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20 March 1981

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Original classification by 812787
Review on 20 March 2001
Excluded Exempt 6 years by 812787
Exempt COG (17) 547

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DEPARTMENT OF STATE
BRIEFING MEMORANDUM

5.5

TO: The Secretary
FROM: NEA - Nicholas A. Veliotis
SUBJECT: Departure Ceremony in Riyadh

Scenario

When you arrive at the airport accompanied by Prince Saud, he will escort you into the Royal Palace for your final coffee ceremony. At that point you will have an opportunity to make a departure statement to the assembled press. This will be your only press event in Saudi Arabia. Since question and answer sessions with the Saudi press can be quite counterproductive, we believe it would be better not to take questions.

Upon conclusion of your statement, you and Prince Saud will leave the Reception Lounge for the aircraft. Mrs. Haig, who will be waiting in the small VIP Lounge off the verandah, will join you as you traverse the verandah. At the aircraft, you will bid farewell to Prince Saud and board for your trip to Madrid.

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